



MINUTES

of the

FINANCE AND AUDIT COMMITTEE MEETING

Held at 3:00PM

on

26 NOVEMBER, 2018

in the

Councillor's Conference Room

Table of Contents

Item	Subject	Page No
1	DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS	1
2	RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE (PREVIOUSLY APPROVED).....	1
3	PETITIONS/DEPUTATIONS/PRESENTATIONS	2
4	DECLARATIONS OF MEMBERS' AND OFFICERS' INTEREST	2
4.1	INTEREST AFFECTING IMPARTIALITY CITY OF KALGOORLIE–BOULDER CODE OF CONDUCT.....	2
4.2	FINANCIAL INTEREST LOCAL GOVERNMENT ACT SECTION 5.60A	2
4.3	PROXIMITY INTEREST LOCAL GOVERNMENT ACT SECTION 5.60B.....	2
5	CONFIRMATION OF MINUTES	2
6	REPORTS OF OFFICERS	3
6.1	CHIEF EXECUTIVE OFFICER	3
6.1.1	ADOPTION OF THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2018.....	3
6.2	CHIEF FINANCIAL OFFICER	5
6.2.1	INVESTMENT AND CASH FLOW UPDATE OCTOBER 2018.....	5
6.2.2	UPDATE ON FINANCE PROJECTS NOVEMBER 2018	8
6.2.3	SUMMARY OF 2018/19 RATES ACCOUNTS	10
7	CONFIDENTIAL ITEMS.....	16
8	CLOSURE.....	16

1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

The Chairman declared the meeting open at 3:05pm welcoming those present.

2 RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE (PREVIOUSLY APPROVED)

IN ATTENDANCE:

Deputy Mayor Allan Pandal (Chairman)
Mayor John Bowler
Cr Gary Brown
Cr Glenn Wilson
Cr Pam O'Donnell

MEMBERS OF STAFF:

Mr John Walker	Chief Executive Officer
Ms Lauren Radcliffe	Financial Controller
Ms Karen Theaker	Governance Officer

VISITORS:

2

Chai Wen Shien	Moore Stephens
Efthalia Samaras	Office of the Auditor General

PRESS:

0

APOLOGIES – ELECTED MEMBERS:

Cr Suzie Williams
Cr Laurie Ayers

APOLOGIES – MEMBERS OF STAFF:

Ms Ivana Castle	Chief Financial Officer
-----------------	-------------------------

LEAVE OF ABSENCE:

Nil

3 PETITIONS/DEPUTATIONS/PRESENTATIONS

3.1 AUDIT REVIEW

Chai Wen Shien of Moore Stephens and Efthalia Samaras of the Office of the Auditor General presented their Audit Review.

4 DECLARATIONS OF MEMBERS' AND OFFICERS' INTEREST

4.1 INTEREST AFFECTING IMPARTIALITY CITY OF KALGOORLIE-BOULDER CODE OF CONDUCT

Nil.

4.2 FINANCIAL INTEREST LOCAL GOVERNMENT ACT SECTION 5.60A

Nil.

4.3 PROXIMITY INTEREST LOCAL GOVERNMENT ACT SECTION 5.60B

Nil.

5 CONFIRMATION OF MINUTES

MOVED BY: CR WILSON

SECONDED BY: MAYOR BOWLER

[Minutes August 14 2018 Finance and Audit.docx](#)

That the minutes of the **Finance and Audit Committee** meeting held on 14 August 2018 be confirmed as a true record of the meeting.

**CARRIED
(5/0)**

6 REPORTS OF OFFICERS

6.1 CHIEF EXECUTIVE OFFICER

6.1.1 ADOPTION OF THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 30 JUNE 2018

Responsible Officer: Ivana Castle
Chief Financial Officer

Author: Ivana Castle
Chief Financial Officer

Disclosure of Interest: Nil

VOTING REQUIREMENTS

Absolute

OFFICER/COMMITTEE RECOMMENDATION

MOVED BY: CR O'DONNELL

SECONDED BY: CR BROWN

That the Draft Annual Financial Statements be adopted for the year ending 30 June 2018 and the management letter be noted.

**CARRIED
(5/0)**

EXECUTIVE SUMMARY

The committee is requested to adopt the Draft Annual Financial Statements for the year ending 30 June 2018 and the management letter be noted.

COMMUNITY STRATEGIC PLAN LINKS

This report links to the Strategic Community Plan through the Community's Guiding Principles to demonstrate a transparent and inclusive local government.

BUDGET IMPLICATIONS

There are no financial implications resulting from the recommendations of this report.

REPORT

City Officers completed the Financial Report for the year ending 30 June 2018 and have submitted a draft copy to the City's auditor as required by the *Local Government Act 1995*, Section 6.4(3).

The year-end audit visit has now been completed and the Independent audit report to the Electors of the City of Kalgoorlie-Boulder and the Management Report are to be received on the 26th of November 2018.

STATUTORY IMPLICATIONS

There are statutory implications in relation to this report:

1. Local Government Act Section 6.4(3) – Accounts submitted to Auditors by 30 September following each financial year; and
2. Local Government Act Section 5.54(1) – Acceptance of the Annual Report by Council by 31 December after that Financial Year.

POLICY IMPLICATIONS

There are no policy implications resulting from the recommendations of this report.

COMMUNITY ENGAGEMENT CONSULTATION

No community consultation was considered necessary in relation to the recommendations of the report.

ATTACHMENTS

DRAFT ANNUAL FINANCIAL REPORT 2017/18

6.2 CHIEF FINANCIAL OFFICER

6.2.1 INVESTMENT AND CASH FLOW UPDATE OCTOBER 2018

Responsible Officer: Ivana Castle
Chief Financial Officer

Author: Lauren Radcliffe
Financial Controller

Disclosure of Interest: Nil

VOTING REQUIREMENTS

Absolute

OFFICER/COMMITTEE RECOMMENDATION

MOVED BY: MAYOR BOWLER
SECONDED BY: CR WILSON

That:

1. The year to date results and forecast of the City's Investment Portfolio for the financial year ending 30 June 2019 be received and adopted.
2. The Cash Flow Forecast to 30 June 2019 be received and accepted.

CARRIED
(5/0)

EXECUTIVE SUMMARY

The purpose of this report is to present the Committee with forecast investment and cash flow reporting for the full financial year to 30 June 2019.

COMMUNITY STRATEGIC PLAN LINKS

This report links to the Strategic Community Plan through the Community's Guiding Principles to demonstrate a transparent and inclusive local government.

BUDGET IMPLICATIONS

There are budget implications resulting from the recommendations of this report – forecast interest income is higher than budgeted by \$66,702. A revised interest income forecast will be assessed and corrected at the City's mid-year budget review.

REPORT

Investments

The City of Kalgoorlie-Boulder places investments in accordance with the requirements of Section 6.14 of the *Local Government Act 1995* and Section 19C of the *Local Government (Financial Management Regulations 1996)*.

City officers have adhered to the City's Investment Policy and legislative requirements to ensure that all investments are carried out with the utmost integrity and in support of the City's strategic goals.

During the financial year to 31st October 2018, cash funds have been invested in term deposits through ADI's (Authorised Deposit-Taking Institutions) in accordance with the City's Investment Policy CORP-F-001. This has a current projected return of approximately \$602,817 in interest earned. The Finance department has reviewed its cash requirements over the next twelve months and has identified further investment opportunities. Subsequently a further estimated \$73,972 in interest income is forecast to be received by 30 June 2019.

The total projected interest income for the 2018-19 financial year inclusive of investments and municipal fund interest (\$79,444), is \$840,860. The City's budgeted interest income is \$774,159. This is an increase of \$66,702. This can be best explained by a better than budgeted cash rate in first half of FY 2018/2019. The City budgeted at 2.6% and our current investment rate averages 2.7%. Furthermore, City Officers were able to forecast cash requirements which identified further investment opportunities.

Table 1: Interest Forecast to 30 June 2019

	Municipal Funds	Reserve Funds	18/19 Forecast
Current Budget	\$210,000	\$564,159	\$774,159
Forecast Term Deposit Income	\$172,296	\$504,494	\$676,789
Forecast Bank Interest Income	\$79,444	\$84,627	\$164,071
	\$251,740	\$589,120	\$840,860
Total Over/ (Under) Budget	\$41,740	\$24,962	\$66,702

All investments are made in a manner ensuring control of the entire portfolio, reducing financial risk and meeting the following objectives:

- Safeguarding the preservation of capital;
- Retaining liquidity to ensure the City meets its cash flow requirements; and
- Gaining a return on investment which is predetermined and relevant to the current market conditions.

Investing in ADI's allows investments that are tightly controlled by the Australian Prudential Regulation Authority (APRA) and the Banking Act of 1959, which provides the City additional protection provisions.

The City's investment performance to 31 October 2018 is shown in the attachments.

Cash Flow Forecast

It is the responsibility of the City to take a proactive role in understanding its financial position; it is a critical factor to the long-term financial sustainability of the organisation. In understanding the current position, it supports better decision making and ultimately better outcomes and an alignment with the Community's expectations.

The forecast cash position for 30 June 2019 is projected to be \$4,215,015.

STATUTORY IMPLICATIONS

There are no statutory implications resulting from the recommendations of this report.

POLICY IMPLICATIONS

There are no policy implications resulting from the recommendations of this report.

COMMUNITY ENGAGEMENT CONSULTATION

No community consultation was considered necessary in relation to the recommendations of the report.

ATTACHMENTS

CONSOLIDATED INVESTMENT REGISTER OCTOBER 2018

INVESTMENT REGISTER BY FUND OCTOBER 2018

CASH FLOW FORECAST OCTOBER 2018

6.2.2 UPDATE ON FINANCE PROJECTS NOVEMBER 2018

Responsible Officer: Ivana Castle
Chief Financial Officer

Author: Casey Radford
Finance and Systems Coordinator

Disclosure of Interest: Nil

VOTING REQUIREMENTS

Simple

OFFICER/COMMITTEE RECOMMENDATION

MOVED BY: CR WILSON
SECONDED BY: CR O'DONNELL

That the updates on the below finance projects:

- Internal Audit;
- Altus Collaboration Project; and
- Magiq Implementation

be received.

CARRIED
(5/0)

EXECUTIVE SUMMARY

The purpose of this report is to update the Committee on the progress of the City's internal audit, the Altus Software Collaboration Project and the implementation of Magiq Software.

COMMUNITY STRATEGIC PLAN LINKS

This report links to the Strategic Community Plan through the Community's Guiding Principles to ensure a financially stable local government.

BUDGET IMPLICATIONS

There are no financial implications resulting from the recommendations of this report.

REPORT

This purpose of this report is to update the Committee on three of the City's current finance projects, internal audit, the Altus Software Collaboration Project and the implementation of Magiq Software. Reports for each project have been attached for elected members consideration.

STATUTORY IMPLICATIONS

There are no statutory implications resulting from the recommendations of this report.

POLICY IMPLICATIONS

There are no policy implications resulting from the recommendations of this report.

COMMUNITY ENGAGEMENT CONSULTATION

No community consultation was considered necessary in relation to the recommendations of the report.

ATTACHMENTS

ALTUS COLLABORATION PROJECT UPDATE NOVEMBER 2018

INTERNAL AUDIT UPDATE NOVEMBER 2018

MAGIQ SOFTWARE UPDATE NOVEMBER 2018

6.2.3 SUMMARY OF 2018/19 RATES ACCOUNTS

Responsible Officer: Ivana Castle
Chief Financial Officer

Author: Jocelyn Power
Rates Coordinator

Disclosure of Interest: Nil

VOTING REQUIREMENTS

Simple

OFFICER RECOMMENDATION

That:

1. The update on the progress of rates collection for the 2018/19 financial year be received;
2. The update on outstanding rates and sundry debtors accounts and how debt collection is tracking for the 2018/19 financial year be received; and
3. The final draft of the Financial Hardship Policy that council resolved to endorse at Council Meeting 28 May 2018 be received and reviewed.

COMMITTEE RECOMMENDATION

MOVED BY: CR BROWN
SECONDED BY: CR WILSON

That:

1. The update on the progress of rates collection for the 2018/19 financial year be received;
2. The update on outstanding rates and sundry debtors accounts and how debt collection is tracking for the 2018/19 financial year be received; and
3. The final draft of the Financial Hardship Policy that council endorsed in principle at Council Meeting 28 May 2018 be received and reviewed.

CARRIED
(5/0)

EXECUTIVE SUMMARY

The purpose of this report is to:

1. Update the Committee on the progress of Rates accounts, in both monies collected and outstanding for the 2018/19 financial year; and
2. Provide Council with a final draft of the Financial Hardship Policy which council resolved to endorse at Council Meeting 28 May 2018. The policy will now be referred to the Economic Regulation Authority (ERA) for their review and

endorsement (as per Council's requirement under the Water License Act 2012) prior to referring back to Council.

COMMUNITY STRATEGIC PLAN LINKS

This report links to the Strategic Community Plan through the Community's Guiding Principles to ensure a financially stable local government.

BUDGET IMPLICATIONS

There are financial implications resulting from the recommendations of this report. Through responsible debt management the City is better placed in ensuring optimal available cash.

REPORT

The rates and services yield raised through 2018/19 rates billing was \$39,525,175, with arrears of \$4,200,477, carried forward from 2017/18. This is compared to a 2017/18 rates and services yield of \$39,722,889 and arrears carried forward of \$4,005,606.

Rates income is an important source of City revenue with the amount collected as at 16 November 2018 for the 2018/19 financial year representing 63.42% of the year's total income, compared to 64.69% collected for the same period in 2017/18.

A decrease in the percentage of rates payments received can be attributed to the economic downturn. There are a higher number of rates debtors experiencing bankruptcy and repossession of properties than previous years. Ratepayers are also choosing to take up the alternative payment options, which has meant a decrease in the number of ratepayers paying their rates in full.

TABLE 1 RATES ACCOUNTS - FINANCIAL YEARS SUMMARY

Rating Year	Rates & Charges (Current & Arrears) \$	Payments Received \$	% Received	Rates Uncollected \$	% Uncollected
18/19	43,725,652.78	27,732,913.24	63.42%	15,992,739.54	36.58%
17/18	43,728,495.71	28,286,719.85	64.69%	15,441,775.86	35.31%

The information in Table 1 shows uncollected rates is \$15,992,739 (as at 16 November 2018). This represents 36.58% of rates and charges still owing. Uncollected rates can be broken down into two categories:

1. Payment Plans
2. Overdue Rates

The information summarised in Table 2 distinguishes those properties committed to payment plans and those properties that have overdue accounts for 2018/19 and 2017/18.

TABLE 2 RATES UNCOLLECTED COMPARISON SUMMARY

Rates Uncollected	2018/19		2017/18		% Change
	Property Count	Total \$	Property Count	Total \$	
Direct Debit (DDR)	1,055	1,406,417.85	1,059	1,509,812.71	-0.38%
Instalment Payments	5,026	8,284,877.22	4,756	7,984,072.01	5.68%
Special Payment Arrangement (SPA)	210	929,878.86	132	581,689.86	59.09%
Overdue Accounts	1,151	5,371,565.61	1,671	5,366,201.28	0.10%
	7,442	15,992,739.54	7,618	15,441,775.86	

1. Payment Plans

The City offers alternative payment plans to ratepayers who are unable to pay in full by the due date 14 September 2018. The options are: instalment payments comprise of two (2) or four (4) payments, periodic direct debits, and special payment arrangements.

Table 3 sets out a comparison payment plan for financial years 2018/19 and 2017/18. The data shows a -0.38% reduction in ratepayers paying through direct debits, a 5.68% increase in ratepayers paying via the instalment two and four payments options and a very sharp 59.09% increase in special payment arrangements.

TABLE 3 PAYMENT PLAN COMPARISON SUMMARY

Payment Plan Types	2018/19		2017/18		% Change
	Property Count	Total \$	Property Count	Total \$	
Direct Debits Payments	1055	1,406,417.85	1059	1,509,812.71	-0.38%
Instalment Payments	5026	8,284,877.22	4756	7,984,072.01	5.68%
Special Payment Arrangements	210	929,878.86	132	581,689.86	59.09%
	5236	9,214,756.08	4888	8,565,761.87	7.12%

2. Overdue Rates Accounts – Debt Recovery

Overdue rates accounts represent 12.28% of the total outstanding amount. These are the City's problematic payers; these properties are managed by our Debt Collection Officer.

Critical to this is that the City recognises the growing need for self-management of the debt collection function. While the figure for overdue accounts is holding steady, given the changes in receipting of rates and the economic downturn, this is a positive outcome.

The table below identifies the impact of internal debt collection management on some of the City's delinquent accounts. The Debt Collection Officer has recouped approximately \$56K of a \$109K outstanding balance, dating back to 2010.

Debtor Code	Earliest Invoice Date	Overdue Account	Current Balance	Date Paid	Special Payment Arrangement (SPA)	
					Start Date	Payment Terms
G345	20/04/2010	2,455.47	405.47		1/02/2018	Monthly @ \$220.00
C781	1/01/2017	16,542.99	6,661.13		26/01/2018	Weekly @ \$250.00
G842	9/09/2016	3,239.98	-	11/07/2018		
A3096	12/07/2012	19,380.93	-	31/05/2018		
A25981	12/07/2012	21,629.81	19,642.96		17/05/2018	Monthly @ \$500.00
A29250	13/07/2010	23,810.86	19,230.72		12/10/2018	Fortnightly @ \$500.00
A11405	12/07/2012	21,659.04	6,843.11		26/11/2017	Fortnightly @ \$500.00

108,719.08 52,783.39

TABLE 4 OVERDUE ACCOUNTS

Rates Uncollected	2018/19		2017/18		% Change
	Property Count	Total \$	Property Count	Total \$	
Overdue Accounts	1,151	5,371,565.61	1,671	5,366,201.28	0.10%
	1,151	5,371,565.61	1,671	5,366,201.28	0.10%

TABLE 5 OVERDUE ACCOUNT TYPES (BY DESCRIPTION)

Overdue Accounts	Property Count	Total Net Due
Overdue Accounts - Debt Recovery Initiated	1045	4,499,927.57
Council - Provision for Doubtful Debt	38	173,905.40
Council - Repossession rates exceed 3 years	37	445,829.63
Council Resolution 15.1.2 - Revert land to Crown	31	251,903.01
	1151	5,371,565.61

All overdue accounts are made up of the following account types summarised in tables 6 and 7.

TABLE 6 OVERDUE ACCOUNTS FLAGGED FOR DEBT RECOVERY

Recovery Action Required	Property Count	Total Net Due
Letter of Demand (mailed 9/11/2018)	1016	4,247,262.10
Referred to Third Party	29	252,665.47
Bankruptcy - Official Trustee Managing Property	10	33,441.04
Deceased Estate	13	109,517.08
Mortgagee in Possession	5	28,779.92
Successful PSSO/ Land - Pending Sale	1	80,927.43
	1045	4,499,927.57

TABLE 7 REFERRALS TO COUNCIL

Council Related Properties	Property Count	Total Net Due
Council - Provision for Doubtful Debt	38	173,905.40
Council Repossessed Land	1	39,650.31
Dead Tenement - write off	34	75,992.86
Expired crown lease	3	58,262.23
Repossession under s6.64 LG Act - rates account exceed 3 years	37	445,829.63
Council Approved 15.1.2 - Revert land to Crown	31	251,903.01
	106	871,638.04

The properties summarised in the table above will form part of a report required to go to council. The Debt Collection Officer, with assistance from the Rates Coordinator, is currently reviewing each property with the intention to take a recommendation to Council in the New Year.

Financial Hardship Policy:

The Financial Hardship Policy has been established with robust guidelines to assist in the application and management of Special Payment Plans. This is to assist ratepayers who are in genuine financial distress.

Under the Waste License Act 2012 the City was to introduce a Financial Hardship Policy relating to sewer rates to maintain its water license. The policy DS-SWM-003 was originally adopted by Council in April 2014. The policy however, did not meet the Economic Regulation Authority (ERA) guidelines and required a revision. The revision process was to include the ERA guidelines for water services into the final draft of the Financial Hardship Policy. The policy will be referred to ERA for their signoff before referring back to Council.

STATUTORY IMPLICATIONS

There are no statutory implications resulting from the recommendations of this report.

POLICY IMPLICATIONS

There are policy implications resulting from the recommendations of this report in relation to the Debt Collection Policy, whereby the Committee agrees to set a minimum arrears amount to pursue legal action.

COMMUNITY ENGAGEMENT CONSULTATION

No community consultation was considered necessary in relation to the recommendations of the report.

ATTACHMENTS

Final Draft Financial Hardship Policy

Final Draft Financial Hardship Application Form

7 CONFIDENTIAL ITEMS

Nil.

8 CLOSURE

There being no further business, the Chairman, Deputy Mayor Allan Pandal, thanked those present for their attendance and declared the meeting closed at 4:36pm.